

## CHILDREN AND FAMILIES

| Budget Summary |                          |                 |                 |  |        | FTE Position Summary |         |         |                         |       |
|----------------|--------------------------|-----------------|-----------------|--|--------|----------------------|---------|---------|-------------------------|-------|
| Fund           | 2012-13<br>Adjusted Base | Request         |                 | 2013-15 Change Over<br>Base Year Doubled |        | 2012-13              | Request |         | 2014-15<br>Over 2012-13 |       |
|                |                          | 2013-14         | 2014-15         | Amount                                   | %      |                      | 2013-14 | 2014-15 | Number                  | %     |
| GPR            | \$355,411,700            | \$348,687,400   | \$354,139,300   | - \$7,996,700                            | - 1.1% | 217.65               | 218.65  | 218.65  | 1.00                    | 0.5%  |
| FED            | 631,080,100              | 646,691,400     | 619,571,300     | 4,102,500                                | 0.3    | 368.73               | 368.69  | 365.39  | - 3.34                  | - 0.9 |
| PR             | 104,310,800              | 104,417,000     | 98,719,700      | - 5,484,900                              | - 2.6  | 191.62               | 216.57  | 216.57  | 24.95                   | 13.0  |
| SEG            | 9,339,700                | 9,339,700       | 9,339,700       | 0  | 0.0    | 0.00                 | 0.00    | 0.00    | 0.00                    | 0.0   |
| TOTAL          | \$1,100,142,300          | \$1,109,135,500 | \$1,081,770,000 | - \$9,379,100                            | - 0.4% | 778.00               | 803.91  | 800.61  | 22.61                   | 2.9%  |

### Major Request Items

### Departmentwide

#### 1. STANDARD BUDGET ADJUSTMENTS

Request adjustments to the base budget for: (a) turnover reduction (-\$249,100 GPR, -\$370,400 FED, and -\$258,500 PR annually); (b) removal of noncontinuing items (-\$686,400 FED and -\$4,100 PR in 2013-14, -\$1,599,500 FED and -\$4,100 PR in 2014-15, -10.00 FED positions and -0.09 PR position, beginning in 2013-14, and an additional -8.30 FED positions, beginning in 2014-15); (c) full funding of salaries and fringe benefits (-\$219,200 GPR, \$450,200 FED, and \$307,000 PR annually); (d) overtime (\$247,400 GPR, \$21,500 FED, and \$4,300 PR annually); (e) night and weekend differential (\$135,400 GPR, \$11,800 FED, and \$1,300 PR annually); and (f) full funding of lease costs and directed moves (-\$50,600 GPR, -\$166,400 FED, and \$574,100 PR in 2013-14 and -\$29,700 GPR, -\$130,000 FED, and \$599,800 PR in 2014-15).

|       | Funding       | Positions |
|-------|---------------|-----------|
| GPR   | - \$251,300   | 0.00      |
| FED   | - 2,356,100   | - 18.30   |
| PR    | 1,273,900     | - 0.09    |
| Total | - \$1,333,500 | -18.39    |

#### 2. PERMANENT GPR REDUCTIONS

|     |             |
|-----|-------------|
| GPR | - \$710,600 |
|-----|-------------|

Request a reduction of \$355,300 GPR annually to reflect a permanent reduction in base GPR funding pursuant to the GPR lapses included under 2011 Wisconsin Act 32. The GPR reductions are from child support state operations (-\$191,300 GPR annually) and from the foster care continuation program (-\$164,000 GPR annually).

### 3. PROGRAM AND FEDERAL REVENUE REESTIMATES

Request increases of \$4,980,300 (\$4,851,700 FED and \$128,600 PR) in 2013-14 and \$4,129,700 (\$4,728,700 FED and -\$599,000 PR) in 2014-15 to reflect the reestimates in the following table:

|       |             |
|-------|-------------|
| FED   | \$9,580,400 |
| PR    | - 470,400   |
| Total | \$9,110,000 |

#### Program and Federal Revenue Reestimates

|  | <u>2013-14</u>   | <u>2014-15</u>   |
|--|------------------|------------------|
| Chafee Foster Care Independence Program Funding (FED)  | \$33,900         | \$33,900         |
| Chafee Education and Training Vouchers Funding (FED)   | 3,400            | 3,400            |
| Child Abuse Prevention and Treatment Act (CAPTA) Funding (FED)   | 13,200           | 13,200           |
| CAPTA Training and Technical Assistance Funding (FED)  | -2,000           | -2,000           |
| Abstinence Grant Funding (FED)   | 764,900          | 764,900          |
| Methamphetamine Grant Funding (FED)  | -500,000         | -500,000         |
| Family Connections Grant Funding (FED)   | -116,000         | -116,000         |
| Domestic Abuse Funding (FED)   | 8,800            | 8,800            |
| Home Visiting Funding (FED)  | 445,300          | 445,300          |
| Title IV-B, Part 1 (FED)   | 344,000          | 324,000          |
| Title IV-B, Part 2 (FED)   | 135,200          | 135,200          |
| Title IV-E (FED)   | 76,000           | 76,000           |
| Adoption Assistance Funding (FED)  | -140,400         | -140,400         |
| American Recovery and Reinvestment Act Funding for the Early Care and Education Advisory Council (FED) | -200,000         | -303,000         |
| Race to the Top Funding (FED)  | 5,675,300        | 5,675,300        |
| Community Services Block Grant Funding (FED)   | -250,000         | -250,000         |
| Refugee Assistance Funding (FED)   | -1,439,900       | -1,439,900       |
| Expiration of a Three-Year Grant for the Midwest Child Welfare Implementation Center (PR)              | -100,000         | -316,200         |
| Income Augmentation Funds for eWiSACWIS (PR)   | 1,000,000        | 500,000          |
| Income Augmentation Funds for Program Improvement Plan and Provider Rate Regulation Staff (PR)         | -710,300         | -710,300         |
| Social Services Block Grant Operations Funding (PR)  | -61,100          | -72,500          |
| Economic Support Information Technology Costs (PR)   | -1,000,000       | -1,000,000       |
| General Administration Information Technology Costs (PR)   | <u>1,000,000</u> | <u>1,000,000</u> |
| FED Total  | \$4,851,700      | \$4,728,700      |
| PR Total   | <u>128,600</u>   | <u>-599,000</u>  |
| Total  | \$4,980,300      | \$4,129,700      |

### 4. OFFICE OF LEGAL COUNSEL STAFF

Request \$184,400 (\$46,100 GPR, \$99,900 FED, and \$38,400 PR) in 2013-14 and \$245,800 (\$61,500 GPR, \$133,100 FED, and \$51,200 PR) in 2014-15 and 1.0 GPR, 2.0 FED and 1.0 PR positions, beginning in 2013-14, to support staff in the Office

|       | <b>Funding</b> | <b>Positions</b> |
|-------|----------------|------------------|
| GPR   | \$107,600      | 1.00             |
| FED   | 233,000        | 2.00             |
| PR    | <u>89,600</u>  | <u>1.00</u>      |
| Total | \$430,200      | 4.00             |

of Legal Counsel for child care fraud prevention and prosecution, legal activities for the Bureau of Milwaukee Child Welfare (BMCW), and child care and child protective services rehabilitation reviews. These positions would replace current project positions and LTEs.

## Children and Families

### 1. MILWAUKEE CHILD WELFARE

|       |                  |
|-------|------------------|
| GPR   | - \$13,654,600   |
| FED   | 205,100          |
| PR    | <u>4,908,000</u> |
| Total | - \$8,541,500    |

Request a reduction of \$4,134,900 (-\$8,941,100 GPR, \$118,100 FED, and \$4,688,100 PR) in 2013-14 and \$4,406,600 (-\$4,713,500 GPR, \$87,000 FED, and \$219,900 PR) in 2014-15 to reflect the net effect of funding changes for activities administered by the Bureau of Milwaukee Child Welfare.

*Milwaukee Child Welfare Aids.* Request a reduction of \$4,522,000 (-\$9,328,200 GPR, \$118,100 FED, and \$4,688,100 PR) in 2013-14 and \$4,522,000 (-\$4,828,900 GPR, \$87,000 FED, and \$219,900 PR) in 2014-15 to fund projected costs of aids expenses. The federal funding is available under Title IV-E of the federal Social Security Act and the temporary assistance for needy families (TANF) block grant. Program revenue funding consists of a portion of Milwaukee County's share of child welfare costs from a reduction in its shared revenue payments, federal substance abuse prevention and treatment block grant funds transferred from the Department of Health Services (DHS), and collections. [Collections are supplemental security income (SSI), Social Security Administration (SSA) survivor and disability, and child support payments for children in out-of-home care that are collected and retained by the state to offset the costs of providing out-of-home care to those children.] Base funding for Milwaukee child welfare aids is \$108,693,200 (\$63,329,100 GPR, \$20,425,600 FED, and \$24,938,500 PR).

This item would: (a) provide accumulated one-time revenue from collections and correspondingly decrease GPR funding for BMCW aids (-\$3,000,000 GPR and \$3,000,000 PR in 2013-14); (b) replace GPR funding with an increase in the amount of shared revenue that Milwaukee County contributes to child welfare costs (-\$1,688,100 GPR and \$1,688,100 PR in 2013-14 and -\$219,900 GPR and \$219,900 PR in 2014-15); (c) replace GPR with an increase in federal Title IV-E funds (-\$699,100 GPR and \$699,100 FED in 2013-14 and -\$665,900 GPR and \$665,900 FED in 2014-15); and (d) decrease funding for projected decreases in overall costs based on caseload and cost per placement averages from March, 2011, through May, 2012, for children in out-of-home care and for wraparound services (-\$3,941,000 GPR and -\$581,000 FED in 2013-14 and -\$3,943,100 GPR and -\$578,900 FED in 2014-15).

*Milwaukee Child Welfare Operations.* Request \$387,100 GPR in 2013-14 and \$115,400 GPR in 2014-15 to fund BMCW operations. The requested increase in funding is related to a move to a new building and consists of: (a) one-time costs for furniture and moving (\$290,900 in

2013-14); and (b) an increase in rent (\$96,200 in 2013-14 and \$115,400 in 2014-15). Base funding is \$17,926,500 (\$14,965,100 GPR, \$2,426,700 FED, and \$534,700 PR).

**2. FOSTER CARE, ADOPTION ASSISTANCE, AND SUBSIDIZED GUARDIANSHIP**

|       |             |
|-------|-------------|
| GPR   | \$6,016,000 |
| FED   | - 2,354,100 |
| Total | \$3,661,900 |

Request \$749,700 (\$2,447,100 GPR and -\$1,697,400 FED) in 2013-14 and \$2,912,200 (\$3,568,900 GPR and -\$656,700 FED) in 2014-15 to reflect reestimates, based on historical expenditures, of the amount of funding required to support foster care payments for children with special needs who are under the state's guardianship (but do not live in Milwaukee County), adoption assistance payments, and subsidized guardianship payments. [Funding for foster care payments DCF makes on behalf of children with special needs in Milwaukee County is budgeted as part of the BMCW budget.] Base funding for these programs is \$104,522,700 (\$53,801,400 GPR and \$50,721,300 FED). The federal funding is from Title IV-E of the federal Social Security Act.

The state serves as guardian for children with special needs following termination of parental rights. The state pays the costs of out-of-home placements for these children while they await adoption and makes adoption assistance payments to families who adopt children with special needs.

Under the statewide subsidized guardianship program, the state makes subsidized guardianship payments to foster parents who become guardians of foster children. Prior to becoming subsidized guardians, counties, or DCF in Milwaukee County, make foster care payments to foster parents for out-of-home care costs.

In addition, request several statutory changes. First, authorize DCF to make payments under the adoption assistance and subsidized guardianship programs up to the amount received for the child at the time the adoption assistance agreement is signed or the guardianship order is granted. Under current state law, the payment must equal the amount received for the month immediately preceding the month the guardianship order was granted or the adoption assistance agreement was signed, or a lesser amount if agreed to by the guardian or prospective adoptive parents. Current federal law states that the adoption assistance payment may be up to the amount of the foster care payment.

Second, restrict at-risk eligibility for adoption assistance to children who were in the public child welfare system. Under current law, children who are at risk of developing a moderate to intensive level of special needs are eligible for the special needs adoption program, whether or not they were in the public child welfare system or a private adoption program.

Finally, authorize DCF to transfer cases to the subsidized guardianship program from the state foster care program if an adoption has not been finalized after two years. Under current law, in cases where DCF is guardian for a child whose parental rights have been terminated and for whom adoption has not yet taken place, if the adoption has not been finalized after two years, then the case reverts back to the county where the termination took place.

### 3. KINSHIP CARE

|     |               |
|-----|---------------|
| FED | - \$1,586,200 |
|-----|---------------|

Request a reduction of \$793,100 annually in federal TANF funds to reflect estimates of the amount of funding that will be required to fully fund kinship care benefits during the 2013-15 biennium. This item would decrease annual funding for DCF to make kinship care benefit payments to caretakers in Milwaukee County (-\$1,161,500 annually) and increase funding for counties and tribes to make kinship benefit payments to caretakers in non-Milwaukee counties and tribes (\$368,400 annually). The benefit amounts reflect DCF estimates of the cost of funding projected caseloads during the 2013-15 biennium. The estimates are based on the average number of the following cases from June, 2011, through May, 2012: (a) TANF-funded cases; (b) cases on waiting lists; and (c) county-funded cases. Base funding for kinship care is \$21,375,800 (\$19,850,100 for benefits and \$1,525,700 for assessments).

Counties pay, and in Milwaukee County DCF pays, a benefit of \$220 per month per child to kinship care relatives if: (a) there is a need for the child to be placed with the relative and the placement is in the best interests of the child; (b) the child meets the criteria, or would be at risk of meeting the criteria, for a child in need of protection or services or a juvenile in need of protection or services, if the child were to remain at home; and (c) the relative meets other non-financial requirements.

### 4. CHILD PROTECTIVE SERVICES APPEALS

|     |           |
|-----|-----------|
| GPR | \$463,400 |
|-----|-----------|

Request \$198,600 in 2013-14 and \$264,800 in 2014-15 to provide a uniform appeals process for child protective services (CPS) appeals. Request modification of statutory language to authorize the Department of Administration's Division of Hearings and Appeals to conduct administrative hearings for county CPS appeals.

Under current state law, certain employers are prevented from hiring or employing a person who has a substantiated child abuse or neglect finding for certain types of care-giving positions. Federal courts have ruled that the states must offer individuals due process to appeal such a determination if the substantiation bars them from employment by law.

Each county is currently responsible for establishing its own appeals procedures according to municipal administrative procedures when employment or licensure may be affected. The requested changes would remove responsibility for CPS appeals from county departments of human/social services. Instead, these changes would provide DCF with funding to have all CPS appeals done at the state level with the Division of Hearings and Appeals, as described under Chapter 227 of the Wisconsin statutes.

### 5. TITLE IV-E WAIVER

Request modification to the children and families Milwaukee child welfare services; aids GPR appropriation title and language to expand use of these funds to include post-permanency

services in non-Milwaukee counties pursuant to the terms of the Title IV-E waiver granted by the federal Department of Health and Human Services (DHHS) on October 1, 2012.

In order to reduce the rate of re-entry into out-of-home care, the BMCW contracts require post-permanency services to be provided to families after reunification. With these additional services, DCF anticipates savings in out-of-home care costs greater than the amount expended for post-permanency services. These services are generally not eligible for matching funds under Title IV-E of the federal Social Security Act because one of the requirements for Title IV-E funds is that the child must be in out-of-home care. Therefore, these services under the BMCW contracts are funded with state funds.

The federal Child and Family Services Improvement and Innovation Act of 2011 reauthorized DHHS to issue up to 10 Title IV-E waivers. Wisconsin applied for, and was granted, a waiver to implement the post-permanency services program statewide in order to demonstrate that post-permanency services would reduce overall child welfare costs by reducing re-entry into out-of-home care. The waiver allows the state to receive Title IV-E matching funds on post-permanency services. The waiver is cost-neutral in that DCF would spend funds on post-permanency services statewide in an amount equal to the savings that are achieved from reducing the out-of-home care re-entry rate.

## **6. STATEWIDE AUTOMATED CHILD WELFARE INFORMATION SYSTEM**

Request elimination of the children and families statewide automated child welfare information system receipts appropriation and other statutory modifications to reflect that the state would no longer be charging counties a fee for operation of the electronic Wisconsin statewide automated child welfare information system (eWiSACWIS). Instead, DCF would use additional Title IV-E funds in an amount equal to the loss of revenue from these fees for its eWiSACWIS operations budget.

|        |               |
|--------|---------------|
| PR-REV | - \$1,162,600 |
| FED    | \$1,162,600   |
| PR     | - 1,162,600   |
| Total  | \$0           |

Under current law, counties are required to pay a fee for the use of eWiSACWIS to support ongoing operations costs of the system. User fees totaled \$581,300 PR in calendar year 2012.

## **7. TRIBAL FAMILY SERVICES PROGRAM**

Request elimination of statutory earmarked amounts for tribal adolescent services (\$210,000 GPR annually) and tribal child care (\$412,800 GPR annually). Reduce funding in the following appropriations: (a) brighter futures initiative and tribal adolescent services by \$210,000 GPR annually to reflect elimination of funding for tribal adolescent services from this appropriation; (b) children and families aids payments appropriation by \$595,700 GPR annually to reflect elimination of funding for tribal child care (\$408,700 GPR) and tribal child welfare activities (\$187,000 GPR) from this appropriation; and (c) domestic abuse grants appropriation

by \$466,200 GPR annually to reflect elimination of funding for tribal domestic abuse grants from this appropriation.

Instead, create a new GPR annual tribal family services program appropriation budgeted at \$1,271,900 GPR annually for the purpose of funding tribal adolescent services, tribal child care, tribal domestic abuse grants, and tribal child welfare activities. As a result, any amount of the total budgeted funding could be used for any of the specified purposes.

## **8. TRIBAL HIGH-COST OUT-OF-HOME CARE PLACEMENTS**

Request modification of the children and families interagency and intra-agency local assistance appropriation to specify that funds may be used for subsidized guardianship payments for guardianships approved by the tribal courts. In addition, request modification of the appropriation title to "interagency and intra-agency aids, tribal placements and guardianships" in order to clarify the appropriation's purpose. Finally, request modification of the appropriation to delete the requirement that the unencumbered balance on June 30 of each year revert back to the Department of Administration's tribal gaming appropriation and to allow DCF to carry over unspent funds.

## **9. FOSTER CARE PLACEMENT CONTINUATION**

Request statutory modifications to authorize DCF to distribute up to \$325,200 GPR annually in order to assist individuals who age out of the child welfare system without achieving permanency to transition successfully to independent living.

Under current law, DCF is required to distribute up to \$497,200 GPR annually to supplement payments for the care of an individual who attains age 18 and who resided in a licensed foster home for at least two years immediately prior to attaining age 18 and, for at least two years, received payments for exceptional circumstances in order to avoid institutionalization so that the individual may live in a family home or other noninstitutional situation after attaining age 18. In addition, the county department of human/social services is required to evaluate the proposed living arrangement to determine whether that living arrangement is cost-effective compared to other care reasonably available to the county, including other community care as well as institutional care. If the proposed living arrangement is not cost-effective, the county may not use foster care placement continuation funds. County departments are required to evaluate the cost-effectiveness of the living arrangement of an individual for whom funds are provided at least once every five years.

In addition, under current law, foster care youth with disabilities may now transition into the Family Care program at age 18, which may meet the needs that the foster care placement continuation program is intended to address.

This request would expand the purpose of these funds to include all youth who age out of the child welfare system and to include any services for the purpose of transitioning to independent living. The request would also reduce the amount required to be distributed for

these transitional services from \$497,200 to \$325,200 annually, which reflects an across-the-board reduction of \$8,000 annually under 2009 Act 28 and a permanent GPR reduction of \$164,000 annually described in a separate entry.

## **Economic Support and Child Care**

### **1. WISCONSIN WORKS CASH BENEFITS**

|     |                |
|-----|----------------|
| FED | - \$25,862,800 |
|-----|----------------|

Request a reduction of \$12,931,400 annually for payments to Wisconsin Works (W-2) participants in subsidized employment positions, caretaker of newborn infant grants, and at-risk pregnant women grants under current law. Benefits funding for the W-2 program would total \$72,131,500 annually.

DCF anticipates caseloads and expenditures for W-2 benefits to decline at the rate of 1% per month, beginning September, 2012, through June, 2014. The average monthly caseload in 2013-14 would be approximately 12,000. DCF anticipates the same average monthly caseload in 2014-15. The W-2 paid caseload was 13,830 in September, 2012, and was 13,949 in October, 2012.

It should be noted that beginning with the 2013-2016 W-2 agency contracts, W-2 benefits will no longer be paid by the W-2 agencies. Prior to January 1, 2013, W-2 agencies had been allocated W-2 benefits funding as part of the W-2 agency contracts and were required to pay W-2 benefits from those allocations. Beginning January 1, 2013, DCF will pay monthly W-2 benefits.

### **2. W-2 WAGE SUBSIDY PROGRAMS**

Request several statutory changes to the trial jobs program under W-2, effective October 1, 2013. First, replace the \$300 monthly subsidy to employers under current law with an amount to be negotiated between the W-2 agency and the employer. Require the negotiated wage subsidy to be at least the state or federal minimum wage, whichever is applicable, for each hour that the W-2 participant works, up to a maximum of 40 hours per week. Require reimbursement for fringe benefits, if any, to be negotiated between the W-2 agency and the employer. In addition, authorize the W-2 agency to reimburse the employer for all or a portion of the following costs that are attributable to the employment of the participant: (a) federal social security taxes; (b) state and federal unemployment contributions or taxes; and (c) worker's compensation insurance premiums.

Second, specify that an employer who employs a W-2 participant under the trial jobs program and receives a wage subsidy must agree to make a good faith effort to retain the participant as a permanent unsubsidized employee after the wage subsidy ends if the participant successfully completes participation in the trial job, but also specify that the employer is not



required to do so. Specify that if the employer does not retain the W-2 participant following completion of the trial job, the employer must agree to serve as an employment reference or provide to the W-2 agency a written performance evaluation, including recommendations for improvement. Current law requires employers to make a good faith effort to retain participants.

Third, expand the time period for placement in a trial job from three months under current law to six months, with an opportunity for a three-month extension under circumstances determined by the W-2 agency.

Request repeal of statutory language related to the real work, real pay pilot project, which expired December 31, 2009. The real work, real pay pilot project provided enhanced wage subsidies for employers, similar to those requested for the trial job program described above, but was limited to 100 participants in three counties.

Request repeal of statutory language related to the subsidized private sector employment placement under the W-2 program, authorized under 2009 Act 28, but not implemented. The subsidized private sector employment placement would have been similar to a community service job placement, but participants would have been paid wages, rather than a monthly grant, up to the monthly grant amount paid to community service job participants (currently \$653 per month).

### **3. TRANSFORM MILWAUKEE JOBS PROGRAM**

|     | <b>Funding</b> | <b>Positions</b> |
|-----|----------------|------------------|
| FED | \$11,186,900   | 1.00             |

Request \$4,506,200 in 2013-14, \$6,680,700 in 2014-15, and 1.0 FTE, beginning in 2013-14, to create the transform Milwaukee jobs program for low-income adults in Milwaukee County. Of these amounts: (a) \$75,000 in 2013-14 and \$91,100 in 2014-15 would support 1.0 FTE, beginning in 2013-14, to administer the program in DCF; (b) \$681,200 in 2013-14 and \$1,589,600 in 2014-15 would provide funding for child care subsidies under the Wisconsin Shares program for participants who needed child care; and (c) \$3,750,000 in 2013-14 and \$5,000,000 in 2014-15 would support contracts under the transform Milwaukee jobs program and includes wage subsidies to employers who participate in the program. Request the creation of a TANF-related program statutory allocation for the transform Milwaukee jobs program in the amount of \$3,750,000 in 2013-14 and \$5,000,000 in 2014-15 for the program contracts. Request that the program:

Require a contractor to determine the eligibility of applicants for the program, conduct orientation, and provide employment services for individuals determined eligible for a job under the transform Milwaukee jobs program as specified by DCF in the contract. In addition, require the contractor to maintain or update participant demographic, eligibility, and employment records in such systems as DCF may require.

Specify that in order to be eligible for the transform Milwaukee jobs program, an individual must: (a) be at least 18 years of age; (b) if over 24 years of age, be a biological parent, adoptive parent, or primary relative caregiver of a child under the age of 18; (c) have an annual household income that is below 150% of the federal poverty level; (d) be unemployed for

at least four weeks; (e) be ineligible to receive unemployment insurance benefits; and (f) not be simultaneously participating in a W-2 placement. Authorize DCF to establish other service priorities and additional eligibility criteria consistent with its mission and funding available.

Specify that: (a) DCF pay a wage subsidy to an employer, including a contractor, that employs an individual under the transform Milwaukee jobs program for a minimum of 20 hours per week at a location in this state; (b) the wage subsidy must be equal to the amount of wages that the employer actually pays the individual, up to 40 hours per week at minimum wage; (c) the employer pays the individual for the hours actually worked, up to 40 hours per week, at not less than minimum wage; (d) an individual may participate in the transform Milwaukee jobs program for a maximum of 1,040 hours actually worked; and (e) employment of an individual under the transform Milwaukee jobs program may not have the effect of filling a vacancy created by an employer terminating a regular employee or otherwise reducing its work force for the purpose of hiring an individual under the transform Milwaukee jobs program, or fill a position when any other person is on layoff, strike, or engaged in a labor dispute regarding the same or a substantially equivalent job within the same organizational unit. In addition, authorize DCF to reimburse the employer for its share of federal social security and medicare taxes, state and federal unemployment insurance contributions or taxes, if any, and worker's compensation insurance premiums, if any.

Expand the allowable activities for receipt of a child care subsidy to include an employment position under the transform Milwaukee jobs program.

Authorize DCF to recover from an individual enrolled, or previously enrolled, in the transform Milwaukee jobs program any overpayment resulting from the individual's misrepresentation of his or her income or eligibility. Require DCF to recover from a contractor with the transform Milwaukee jobs program any overpayment resulting from failure to comply with the terms of the contract or meet performance standards established by DCF.

Finally, authorize DCF to promulgate rules to implement the transform Milwaukee jobs program.

#### **4. CHILD CARE SUBSIDY PROGRAM**

|     |              |
|-----|--------------|
| FED | \$14,448,100 |
|-----|--------------|

Request \$4,545,900 in 2013-14 and \$9,902,200 in 2014-15 for direct child care services under the Wisconsin Shares program, including funding for child care subsidies, local administration, on-site child care at job centers and counties, and migrant child care. These estimates reflect: (a) a reduction in funding for two-star providers under the YoungStar program (-\$5,994,200 in 2013-14 and -\$3,756,700 in 2014-15); (b) an increase in funding for five-star providers under the YoungStar program (\$9,499,900 in 2013-14 and \$12,666,800 in 2014-15); and (c) an estimate of growth in overall expenditures of 1.5% in 2013-14 and 2% in 2014-15 (\$1,040,200 in 2013-14 and \$992,100 in 2014-15).

Along with child care subsidies for participants in the transform Milwaukee jobs program, the Wisconsin Shares allocation would total \$293,941,200 in 2013-14 and \$300,205,900 in 2014-15.

#### *Local Administration of the Child Care Subsidy Program*

Under current law, DCF directly administers authorization, customer-service, and program integrity services in Milwaukee County. DCF also contracts with DHS, through its Milwaukee Enrollment Services (MiES) unit, for initial eligibility determinations and periodic eligibility reviews in Milwaukee County. Finally, DCF contracts with county departments of human/social services, Indian tribal units, and other agencies to administer the Wisconsin Shares program in counties other than Milwaukee County.

Request statutory modifications related to local administration of Wisconsin Shares. First, authorize, rather than require, DCF to contract with a county department or agency to determine the eligibility of individuals residing in a particular geographic region or who are members of a particular Indian tribal unit for child care subsidies. In addition, create a statutory provision to authorize DCF to perform any of the eligibility and enrollment functions under Wisconsin Shares in Milwaukee County if DCF does not contract with MiES for those functions. Also, modify the name of the DCF unit that would perform eligibility and enrollment functions from the "child care provider services unit" to "child care services unit."

Second, eliminate the requirement that DCF, to the extent practicable, allocate funds to child care local administration contracts in the same proportion as the geographic region's or Indian tribal unit's proportionate share of all statewide subsidy authorizations and eligibility redeterminations in the 12-month period before the start of the contract period. As a result, DCF would continue to allocate at least \$20,000 per year for the administrative responsibilities for each geographic region or Indian tribal unit and allocate not less than 95% of the amount allocated to the contract in the previous year, if DCF renews the contract, the geographic region or Indian tribal unit is comparable, and the total amount of funding available is not lower than the previous year.

Finally, eliminate the requirement that a county department or agency annually perform a survey of market child care rates and determine maximum reimbursement rates, if DCF so directs. As a result, DCF would be responsible for setting child care subsidy reimbursement rates. Under current law, reimbursement rates have been frozen since 2006.

### **5. CHILD CARE PROGRAM INTEGRITY**

Request \$438,400 in 2013-14, \$980,400 in 2014-15, 8.0 positions, beginning in 2013-14, and an additional 5.0 positions, beginning in 2014-15, to replace project positions and contractors for program integrity and anti-fraud efforts in the Wisconsin Shares program with permanent state employees.

|     | <b>Funding</b> | <b>Positions</b> |
|-----|----------------|------------------|
| FED | \$1,418,800    | 13.00            |

In addition, request that Department of Justice background checks occur annually, rather than every three months as required under current law.

Request that DCF and certifying agencies collect background information disclosure forms only upon application for initial licensure or certification, rather than require this form upon applications for continuance or renewal of licenses or certifications. As a result background information disclosure forms would be submitted by providers when they apply for an initial license or certification and when there is a change in the status of the providers, their non-client residents, or their employees.

Request statutory language to require one-time fingerprinting of Wisconsin Shares providers, their employees, and their non-client residents upon application for initial licensure or certification, or upon their renewal date if they are current providers. In addition, request that DCF be authorized to charge a fingerprinting fee. A provision to fingerprint child care providers was vetoed under 2011 Act 32, but the Governor, in his veto message, indicated that he would direct DCF to amend the administrative rules for certified and licensed child care providers to require that any provider who wishes to participate in the Wisconsin Shares program submit fingerprints to DCF, a county department, or agency contracted with to administer the Wisconsin Shares program. The administrative rules have not been amended. Instead, the Department seeks statutory authority.

**6. CHILD CARE QUALITY RATING AND IMPROVEMENT SYSTEM**

|     |             |
|-----|-------------|
| FED | - \$721,600 |
|-----|-------------|

Request a reduction of \$360,800 annually to reflect a reestimate of ongoing contract costs of the child care quality rating and improvement system (YoungStar). Estimated expenditures of \$6,924,000 annually are based on the average monthly expenditures from January, 2011, through May, 2012, for the contract with the YoungStar Consortium. The Consortium administers YoungStar at the local level, rates child care providers, and provides technical assistance and grants for provider improvement. Members of the Consortium include the Celebrate Children Foundation, Supporting Families Together Association, and Wisconsin Early Childhood Association.

**7. ADMINISTRATION OF TANF-RELATED PROGRAMS**

|     |             |
|-----|-------------|
| FED | - \$668,200 |
|-----|-------------|

Request a reduction of \$607,800 in 2013-14 and \$60,400 in 2014-15 to reflect the amount of funding that DCF estimates is needed to administer the child care subsidy program (-\$223,400 in 2013-14 and \$226,000 in 2014-15) and to administer other public assistance programs (-\$384,400 in 2013-14 and -\$286,400 in 2014-15).

Along with other funding adjustments for standard budget adjustments, realignments, child care program integrity, legal counsel, and the transform Milwaukee jobs program, child care state administration would total \$29,890,600 in 2013-14 and \$30,255,700 in 2014-15, and state administration of other public assistance programs would total \$11,424,700 in 2013-14 and \$11,540,300 in 2014-15.

**8. CARETAKER SUPPLEMENT**

|     |             |
|-----|-------------|
| FED | \$4,911,600 |
|-----|-------------|

Request \$2,455,800 annually for benefits and administration of the caretaker supplement for children of recipients of supplemental security income (SSI), administered by DHS. TANF funding under the request would total \$33,688,000 annually.

**9. EMERGENCY ASSISTANCE**

|     |             |
|-----|-------------|
| FED | \$3,000,000 |
|-----|-------------|

Request \$1,500,000 annually for the emergency assistance program to reflect increased demand for the program, which provides assistance to needy persons in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. Funding for the program would total \$7,500,000 annually.

**10. EARNED INCOME TAX CREDIT**

|     |                |
|-----|----------------|
| FED | - \$37,000,000 |
|-----|----------------|

Request a reduction of \$37,000,000 in 2014-15 to reflect that fewer TANF funds would be used to support the refundable portion of the earned income tax credit (EITC). Total TANF funding for the EITC would be \$43,664,200 in 2013-14 and \$6,664,200 in 2014-15. As a result, an additional \$37,000,000 GPR in 2014-15 would be needed for the EITC to offset the reduction in TANF funds. [The administration's request for GPR funding for the EITC, shown under "Shared Revenue and Tax Relief," does not include the additional \$37,000,000 in 2014-15.]

**11. OTHER TANF PROGRAMS**

Request base funding for the following programs supported with TANF funds:

|  | <u>Annual Funding</u> |
|--|-----------------------|
| <b>TANF-Related Programs</b>                       |                       |
| W-2 Agency Contracts (Administration and Services) | \$57,336,500          |
| Children First                                     | 1,140,000             |
| Grants to Boys and Girls Clubs                     | 350,000               |
| Fraud and Program Integrity                        | 605,500               |
| Child Welfare Prevention Services                  | 1,489,600             |
| Child Welfare Safety Services                      | 6,350,300             |
| Child Welfare Program Improvement Plan             | 1,360,800             |
| eWiSACWIS Administration                           | <u>1,350,900</u>      |
| Total  | \$69,983,600          |

## Child Support

### 1. PROGRAM REVENUE REESTIMATE

|    | Funding     | Positions |
|----|-------------|-----------|
| PR | \$4,245,400 | 5.00      |

Request an increase of \$2,319,400 in 2013-14, \$1,926,000 in 2014-15, and 5.0 positions, beginning in 2013-14. The increase in funding reflects a revised estimate of revenues from: (a) the annual centralized receipt and disbursement (CR&D) fee (\$1,400,000 annually); (b) the \$25 annual fee paid by custodial parents who receive child support (\$150,000 annually); (c) assigned child support collections (\$1,077,300 in 2013-14 and \$568,700 in 2014-15); and (d) a reduction in the amount of program revenue carried over from prior years (-\$307,900 in 2013-14 and -\$192,700 in 2014-15).

The \$65 CR&D fee is paid by child support obligors and helps fund the CR&D system, which processes child support, maintenance (alimony), health care expenses, birth expenses, and other child support related payments. A \$25 annual fee is paid by the custodial parent and helps fund state operations of the child support enforcement program.

A portion of these revenues would be used to implement the child support document generation (DocGen) project, which would update the technology of the statewide automated child support system, the Kids Information Data System (KIDS), to improve efficiency of the daily workflow in KIDS. Funding of \$1,242,100 in 2013-14 and \$1,357,300 in 2014-15 would support: (a) 5.0 positions to implement the DocGen project (\$345,700 in 2013-14 and \$460,900 in 2014-15); and (b) other cost associated with the DocGen project (\$896,400 annually).

### 2. FEDERAL REVENUE REESTIMATES

|     |              |
|-----|--------------|
| FED | \$14,388,000 |
|-----|--------------|

Request \$6,723,000 in 2013-14 and \$7,665,000 in 2014-15 to reflect estimates of federal revenue from child support incentive payments and federal matching funds available for the 2013-15 biennium due to underspending in the 2011-13 biennium that will be carried forward for: (a) state administration of the child support enforcement program to implement the DocGen project (\$1,000,000 annually); and (b) local administration of child support enforcement activities (\$5,723,000 in 2013-14 and \$6,665,000 in 2014-15).

### 3. INTEREST ON CHILD SUPPORT ARREARS

|    |           |
|----|-----------|
| PR | \$547,500 |
|----|-----------|

Request \$182,500 in 2013-14 and \$365,000 in 2014-15 to reflect an increase in revenue from assigned child support arrears paid by noncustodial parents due to a reduction in the interest rate on child support arrears. Request modification of the Wisconsin statutes to reduce the interest rate on child support arrears from 1% per month to 0.5% per month, beginning January 1, 2014.

DCF indicates that a reduction in the interest rate, as well as the reduction in the amount of interest that accumulates, would incentivize payment of arrears. Currently, interest makes up 41% of arrears, and less than 1% of total interest owed is being collected annually. DCF estimates that assigned child support collections would increase by 3% as a result of the decrease in the interest rate on arrears. The state's share of the increase in assigned child support arrears would be \$73,000 in 2013-14 and \$146,000 in 2014-15. The remainder (\$109,500 in 2013-14 and \$219,000 in 2014-15) would be paid to the federal government.

**4. CONVERT CONTRACTED STAFF TO PERMANENT STATE EMPLOYEES**

|    | <b>Funding</b> | <b>Positions</b> |
|----|----------------|------------------|
| PR | - \$381,500    | 18.00            |

Request a reduction of \$163,500 in 2013-14 and \$218,000 in 2014-15 and an increase of 18.0 FTE, beginning in 2013-14, to reflect savings from the conversion of contract staff in the Bureau of Information Technology Services to permanent state employees.